

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 OPR-02 XMB-04 OPIC-06 FEA-01

AGR-10 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3435

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E.O. 11652: NA

TAGS: EFIN, EIND, EINV, KU

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS: KUWAIT

REF: A. STATE 165596 ?. KUWAIT 1445 APR 74 C. KUWAIT A-44
APRIL 73

1. INVESTMENT CLIMATE: EMBASSY BELIEVES STATEMENT RE INVESTMENT CLIMATE CONTAINED REF C REMAINS VALID AND CAN CONTINUE TO BE USED. HOWEVER, FOLLOWING PARAGRAPH SHOULD BE ADDED AS NEW LEAD PARAGRAPH:

BEGIN TEXT:

TRADITIONALLY, BY FAR, THE LARGEST FOREIGN INVESTMENT IN KUWAIT HAS BEEN BY FOREIGN OIL COMPANIES OPERATING IN THE COUNTRY. RECENTLY, HOWEVER, THE GOVERNMENT OF KUWAIT HAS TAKEN STEPS TO OBTAIN DIRECT CONTROL AND OWNERSHIP OF THE ENTIRE OIL INDUSTRY WITHIN THE COUNTRY. FOREIGN OWNERSHIP OF THE BANKS IS NOT ALLOWED, BUT MINORITY OWNERSHIP BY NON-KUWAITIS IN NON-BANK FINANCIAL INSTITUTIONS (I.E. INVESTMENT COMPANIES) DOES EXIST. LAND OWNERSHIP IS LIMITED TO KUWAITI CITIZENS. RECENTLY,
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THE GOVERNMENT OF KUWAIT HAS REACHED AGREEMENTS WITH BAHRAIN,

THE UNITED ARAB EMIRATES AND SAUDI ARABIA WHICH WILL GRANT CERTAIN INVESTMENT PRIVILEGES IN KUWAIT TO CITIZENS OF THESE COUNTRIES.

END TEXT.

2. FOLLOWING CHANGES/ADDITIONS SHOULD ALSO BE MADE. FIRST SENTENCE OF PARA 1, PAGE 2 REF C SHOULD BE REMOVED. EMBASSY SUGGESTS FOLLOWING PARA BE ADDED AS FINAL PARA, ALTHOUGH, STRICKLY SPEAKING, IT DOES NOT INVOLVE INVESTMENT IN KUWAIT PER SE:

BEGIN TEXT:

KUWAIT IS A MAJOR CAPITAL EXPORTING NATION WITH INVESTMENTS THROUGHOUT THE WORLD. OF PARTICULAR INTEREST TO KUWAITI INVESTORS ARE "TRILATERAL" INVESTMENTS WHEREIN AMERICAN TECHNOLOGY, MARKETING AND MANAGEMENT CAN BE MATED WITH KUWAITI FINANCE IN THIRD COUNTRIES. IN PRATICE THE COULD INVOLVE ESTABLISHING JOINT VENTURES IN KUWAIT WHICH WOULD OPERATE ELSEWHERE. IN SOME CIRCUMSTANCES THIS COULD ALLOW THE JOINT VENTURE TO BE ELIGIBLE FOR NON-COMMERICAL RISK INSURANCE PROVIDED BY THE INTER-ARAB INVESTMENT GUARANTY CORPORATION, WHICH IS BASED IN KUWAIT.

END TEXT.

3. INVESTMENT STATISTICS: A. U.S. DIRECT INVESTMENT (BOOK VALUE)

END 1974 (SEE NOTE)

TOTAL ALL INDUSTRIES : \$155 MILLION

MINING AND SMELTING : 0

PETROLEUM : \$150 MILLION

MANUFACTURING : 0

OTHER INDUSTRIES : \$5 MILLION

NOTE: IN MARCH 1975 THE GOVERMENT OF KUWAIT ANNOUNCED ITS INTENTION TO TAKE COMPLETE OWNERSHIP OF THE KUWAIT OIL COMPANY WHICH HAD BEEN 20 PERCENT OWNED BY THE GULF OIL CORPORATION, LARGEST US DIRECT INVESTMENT IN KUWAIT.

B. DIRECT INVESTMENT BY ALL COUNTRIES: \$350 MILLION

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TOTAL, INCLUDING US : A) UK \$100 MILLION

B) JAPAN \$50 MILLION

C) SPAIN \$20 MILLION

C. DIRECT INVESTMENT IN US BY KUWAITIS (BOOK VALUE, NOT BROKEN DOWN BY SECTOR) AT END 1974.: \$3 BILLION.

4. NOTE RE SOURCES: THERE ARE NO INDEPENDENT OR OFFICIAL

SOURCES OF INFORMATION RE KUWAIT INVESTMENTS IN US OR FOREIGN
INVESTMENT IN KUWAIT WHICH ARE BOTH AUTHORITATIVE AND UNCLASSIFIED.
THEREFORE, SOURCE FOR ABOVE INFO IS US EMBASSY KUWAIT. INFOR-
MATION PROVIDED IS BEST EMBASSY ESTIMATE AVAILABLE BASED ON
CONVERSATIONS WITH LOCAL GOVERNMENT AND COMPANY OFFICIALS
AND ON EMBASSY ANALYSIS OF WHATEVER PUBLISHED DATA AND OTHER
AUTHORITATIVE INFORMATION IS AVAILABLE.
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